

WILLIAMSON COUNTY

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The Woodlands, TX 77381

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September 16, 2005

Ms. Darlene Standley, Chief
Utilities Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Dear Ms. Standley:

On September 7, 2005, in Docket 04-00335, the voting panel approved the Petition of King's Chapel Capacity, L.L.C. ("KCC") for a Certificate of Convenience and Necessity to serve an area in Williamson County, Tennessee known as Ashby Communities. Attached are two copies of the tariff for KCC with an effective date of October 1, 2005.

As mentioned in testimony at the hearing on September 7, 2005, KCC has made four changes to the tariff originally filed with its Petition. All of these changes were made as a result of questions brought out in the TRA Staff's data request. These four changes, which have been incorporated into the attached tariff, are as follows:

1. An incorrect reference to "Williamson County Capacity" instead of "King's Chapel Capacity" on TRA Tariff #2, Sheet 6, which was pointed out in TRA Staff Request 1, Item 16.
2. An incorrect reference to "Rule 602.2" instead of "Rule 1220-4-1-.03(2)" on TRA Tariff #2, Sheet 2, which was pointed out in TRA Staff Request 1, Item 34.
3. An incorrect disconnection fee of "\$25" instead of "\$10" on TRA Tariff #3, Sheet 2, which was pointed out in TRA Staff Request 2, Item 9.
4. An insertion of new language and rates that reflect the calculation of bonding cost on TRA Tariff #2, Sheets 6 – 7 and TRA Tariff #3, Sheets 1 – 2, as requested on TRA Staff Supplemental Request, Item 6.

In addition, since the hearing on September 7, 2005, KCC has discovered an incorrect reference in its Authorization of Rules and Regulations on TRA Tariff #2, Sheet 2. Specifically, the reference to "corporation" in the first line of this section should instead be "Limited Liability Company" and has been corrected in the attached tariff.

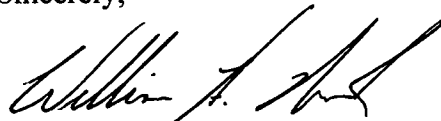
Ms. Darlene Standley

September 16th

Page 2

Thank you for your timely consideration of this filing. Should you have any questions, or need anything further, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "William H. Novak", written in a cursive style.

William H. Novak

Regulatory Consultant for KCC

Enclosures

C: John Powell

King's Chapel Capacity

Wastewater Service Tariff

TRA #1
Cost of Residential Services

**King's Chapel Capacity
Operation and Maintenance Costs**

Collection Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
1	Collection System – Tank Pumping	\$3.10	\$3.10
2	Collection System – Equipment Replacement	3.25	3.25
3	Collection System – Preventative Maintenance	1.10	0.00
4	Collection System – Service Calls	1.50	0.00
	Total	\$8.95	\$6.35

**King's Chapel Capacity
Treatment System Costs**

Sand/Gravel Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
5	Treatment System – Tank Pumping	\$2.53	\$0.00
6	Treatment System – Equipment Replacement	0.80	0.00
7	Treatment System – Preventative Maintenance	2.90	2.90
	Total	\$6.23	\$2.90

**King's Chapel Capacity
Treatment System Costs**

Lagoon Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
8	Treatment System – Preventative Maintenance	\$1.10	\$0.00
9	Treatment System – Trouble Calls	0.30	0.00
10	Treatment System – Equipment Replacement	1.20	1.20
	Total	\$2.60	\$1.20

**King's Chapel Capacity
Utility Costs**

All Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
11	Utility Costs – Systems with Sand/Gravel Filter Treatment	\$0.80	\$0.00
12	Utility Costs – Systems with Lagoon Treatment	0.30	0.00
13	Utility Costs – Systems with Pump Stations	0.50	0.00
14	Utility Costs – Systems with Metering Stations	0.35	0.00

**King's Chapel Capacity
Disposal System Costs**

Drip Irrigation Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
15	Disposal Costs – Preventive Maintenance	\$0.45	\$0.00
16	Disposal Costs – Trouble Calls	0.20	0.00
17	Disposal Costs – Equipment Replacement Costs	0.88	0.88
	Total	\$1.53	\$0.88

**King's Chapel Capacity
Sampling, Testing and Reporting Costs**

All Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
18	Sampling, Testing and Reporting Costs – Systems with Drip Irrigation Disposal	\$7.00	\$0.00
19	Sampling, Testing and Reporting Costs – Systems with Lagoon Disposal	9.20	0.00

**King's Chapel Capacity
Billing and Collecting Costs**

All Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
20	Billing and Collecting Costs – All Systems	\$1.50	\$0.00

**King's Chapel Capacity
 Miscellaneous Costs**

All Systems

Tariff Item #	Description	Monthly Amount	Monthly Escrow
21	Miscellaneous Costs – Rate Regulatory Expense	\$0.40	\$0.00
22	Miscellaneous Costs – Environmental Regulatory Expense	0.52	0.00
23	Miscellaneous Costs – Bonding Cost Pass Through	**	0.00
24	Miscellaneous Costs – Bonding Cost Pass Through	**	0.00
25	Miscellaneous Costs – Franchise Taxes	0.52	0.00
26	Miscellaneous Costs – Excise Taxes	0.30	0.00
27	Miscellaneous Costs – Property Taxes	0.95	0.00
28	Miscellaneous Costs – Federal Taxes	1.11	0.00
29	Miscellaneous Costs – Local Management Fee	2.00	0.00
30	Miscellaneous Costs – Corporate Management Fee	2.80	0.00
31	Miscellaneous Costs – County/City imposed Treatment Cost Pass Through	**	0.00
	Total	\$8.60	\$0.00

** These costs are passed through without markup to customers as charged by local taxing agencies.

King's Chapel Capacity

Wastewater Service Tariff

TRA #2
Rules and Regulations

RULES AND REGULATIONS

Governing the wastewater collection and treatment systems of King's Chapel Capacity.

Statement of Purpose:

The general purpose of these Rules and Regulations is:

1. To institute measures and procedures for serving the customers and service area of Williamson County Capacity on a uniform basis. Included are:
 - a. The Definition of Terms.
 - b. The Authorization of Rules.
 - c. Identifying the Service.
 - d. Establishing Property Easements.
 - e. Establishing Discontinuance of Service Policies.
 - f. Stating Non-payment Penalties.
 - g. Establishing Returned Check Policy.
 - h. Establishing Policy for Changes of Property Owners or Tenants.
 - i. Establishing Policy for Security Deposits.
 - j. Establishing Sewer Access Fees.
2. To provide standards and procedures for:
 - a. Establishing wastewater characteristics acceptable for the treatment systems..
 - b. Establishing the criteria for a system free of inflow and infiltration.
 - c. Required design standards.
 - d. Construction and materials standards.
 - e. Inspection Requirements.
 - f. Quality of materials.

Definition of Terms:

1. Collector Line - Shall mean the line from the service line to the main line.
2. Company - Shall mean Williamson County Capacity.
3. Customer - Shall mean any person, firm, corporation, association, company, or government unit furnished sewage services by Williamson County Capacity.
4. Main Line - Shall mean the line from the collector line to the treatment facility.
5. Operator/Engineer - Shall mean the Licensed Wastewater Operator and/or consulting engineer of Williamson County Capacity or design engineer.
6. Property - Shall mean all facilities owned and/or operated by the company.
7. Pumping Station - Shall mean a tank containing pump(s) and receives effluent from a STEG/STEP tank and/or collector lines.
8. Service Line - Shall mean the line from the STEP/STEG tank to the collector line.

9. STEG tank - Shall mean any tank located near a building containing an effluent filter for the purposes of accepting sewage waste.
10. STEP tank - Shall mean any tank located near a building containing a pump vault for the purposes of accepting sewage waste.
11. Stub-out line (building collector line) - Shall mean the line that carries the sewage waste from the building to the STEP/STEG tank.
12. TRA — Shall mean Tennessee Regulatory Authority.

Authorization of Rules and Regulations

King's Chapel Capacity is a limited liability company in good standing with the State of Tennessee and is organized as a privately owned public utility. King's Chapel Capacity operates under the auspices of a Certification of Convenience and Necessity issued by the Tennessee Regulatory Authority. King's Chapel Capacity submits the following statement of its Rules and Regulations in compliance with Rule 1220-4-1-.03(2).

Effect of Rules and Regulations

All provisions of these rules and regulations shall be incorporated in each contract with each wastewater system customer of King's Chapel Capacity.

Utility Items on Private Property

The company shall own and maintain all STEP and STEG tanks, control systems, and service lines required to provide sewer service on the customer's premises. The customer must execute an agreement granting an easement to the company for maintenance of the sewer system. The building plumbing and Stub-out line shall be maintained by the customer.

Discontinuance of Service

Service under any application may be discontinued for the following reasons:

1. Non-payment of bill as hereinafter set forth below.
2. For misrepresentation in the application.
3. For adding to the property or fixtures without notice to the company.
4. For molesting any service pipe, tank, control system, filter, or any property of the company in any way whatsoever.
5. For violation of any rules of the company.
6. For disconnecting or reconnecting service by any party, other than a duly authorized agent of the company, without the consent of the company.

Non-payment Penalties

A non-payment penalty of five percent (5%) of the monthly charge will be due after the due date shown on the bill. If payment is received within fifteen days after the due date, a written notice will be sent to the customer. If payment is not received within 15 days of the written notice, wastewater service will be turned off from the customer's property as per the Wastewater Subscription Agreement (Attachment #1) executed by the customer with no additional notice being sent. No service shall be reconnected if discontinued for non-payment (or any valid reason) until all charges have been paid, including disconnection and reconnection fees. The disconnection fee is \$10.00 and the reconnection fee is \$15.00.

Returned Checks

A check returned by the bank will incur a fee of \$20.00.

Changes in ownership, Tenancy of Services

A new application and agreement must be made and approved by the Company on any change in ownership of property, or in tenancy, or in the services as described in the application. In the event of failure of a new owner or tenant to make such application, the company shall have the right to discontinue service until such new application is made and approved.

Security Deposits

Each new customer, before connection or reconnection of the service, will be required to make a refundable deposit to secure payment of sewage service bills in an amount of \$60.00. Interest will be paid on deposits held by the company at the rate published in the *Federal Reserve Bulletin* for the preceding calendar year. Deposits will be held by the company as long as required to insure payment of bill. (TRA Rule 1220-4-4-.15(7))

Winter Water Usage Rate

Winter Water Usage shall mean the average amount of water used, as stated on the customer's bill for the months of November, December, January and February. When customer's bills are based on water usage, customers will receive summer bills (for usage in June, July, August and September) that are based on the average winter water usage. New customers that have not established winter water usage will be charged up to a maximum bill of \$125.00 until a winter water usage is established.

Sewer System Access Fee

The owner of each property parcel which is provided a tap or the availability of a tap, when the sewer system is built, will be required to pay a sewer access fee of \$84.00 per year. This fee will be payable each year by December 15th, for owners of record, as of December 1st. As each customer attaches to the sewer and signs up for service, they will pay a pro-rated access fee for that year and thereafter the fee will not be charged.

Engineering, Materials and Construction Standards

1. General — This specification covers the type of sewer system required for various design conditions of sewers constructed by developers. The requirements called for are minimum standards in all cases. Bedding conditions, material specifications, sealing requirements and installation methods are the responsibility of the Operator/Engineer and must be approved by the company. Design and construction of sewer lines shall meet the requirements of the State of Tennessee Department of Environment and Conservation (TDEC), in addition to this specification. Where conflicts exist, the more restrictive shall govern.
2. All sewage collection system components are to be water tight and free of Inflow and Infiltration. This includes Stub-out lines, all tanks, collector lines, service lines, and main lines. Collector lines and main lines are to be tested to 100 pounds per square inch of water pressure. Risers and lids are to be watertight.
3. STEP and STEG Tanks are to be installed near the building to be served. The tanks are to be set in a level condition and tested for water tightness before backfilling.
4. All pipe is to be PVC, classes and sizes will be per operator/engineer's design and in all cases SDR-21 class 2000 will be the minimum allowable.
5. Only wastewater drains are to be connected to the sewer system. No water sources such as roof drains, sump pumps, condensate lines and swimming pools shall be connected to the sewer system.

Special Pretreatment Sewage Requirements

For all sewage connections the company reserves the right to require any nonresidential user to provide special pre-treatment for any high strength effluent before discharge into its sewage system. The company may, upon the basis of recognized operator/engineering standards and treatment costs, increase the rate charged to cover the cost of treatment of high strength effluent, commercial or industrial waste, and may impose standards as to the maximum size of solids and constituents in such waste discharged into its sewage system.

Additionally, if excessive volumes of sewage are received, the company may require the customer to monitor flow volume and increase surge holding, treatment, and disposal capacity at the customer's expense. All customers will be required to follow the List of Required Practices (Biological Systems Users Manual) for an effluent collection system, supplied to them by Williamson County Capacity. (Attachment No. 2). These requirements prohibit the dumping of any toxic chemicals, non-

biodegradable detergents, whitening agents, or other non- environmentally friendly compounds that kill tank bacteria. Also prohibited is the disposal of an excessive amount of grease, paints, pesticides or other typical household items that consumers introduce into sanitary sewer and storm drains.

Damages

King's Chapel Capacity shall in no event be responsible for maintaining any Stub-out line owned by the customer, or for the damages created by sewage escaping there from, or for defects in the customer's building lines or fixtures. The customer shall at all times comply with all regulations of the Tennessee Regulatory Authority and of King's Chapel Capacity. All leaks in any building pipe or fixture on the premises of the customer shall be repaired by the customer. On failure to repair any such leak, the service may be discontinued until such repairs are made.

In Event of Emergency

The Company shall not be liable to the customer for interruption in service, or for damages or inconvenience as a result of any interruption, stoppage, etc., which was beyond the reasonable control of Williamson County Capacity. In the case of an emergency, call 615-370-4432 or other provided service number.

Service Area

King's Chapel Capacity will only provide service within its current approved service territory as approved by the Tennessee Regulatory Authority.

Extension Plan

King's Chapel Capacity may furnish sewer service to property owners whose lands are abut the main line of existing sewer systems. The wastewater service charges listed in the sewer billing structure do not include costs for constructing the sewer system. Any wastewater system components required to service such abutting properties shall be constructed at the cost of those parties desiring same, and these components shall become the property of King's Chapel Capacity, to be credited to the account for Contributions in Aid of Construction. In addition, treatment system component costs will be paid by the customer desiring to hook on to the system. Wastewater service to new areas within a service territory will be made available where it is technically feasible and the developer or property owner is willing to bear the expense of designing and building the sewer system.

Contributions in Aid of Construction

Wastewater system components furnished by developers and landowners to King's Chapel Capacity will be recognized as Contributions in Aid of Construction in the amount of actual construction cost.

Contracts for Services

Each customer, before installation of service, shall be required to execute a sewer service agreement with King's Chapel Capacity.

Customer Billing

Customer billing may be different from area to area. If the area is serviced by a utility water service, the water provider will be requested to provide billing services. For flat fee areas a coupon book will be provided on an annual basis with monthly statements. Water bill comparisons or metering may be employed if higher water usage than typical is suspected.

In cases where pass through treatment costs and commercial customers are involved, a monthly bill will be sent to the customer and will be based on the gallons of water consumed.

Bonding Cost

The Company is currently required to post a bond to assure continued operation of the wastewater system by the Williamson County government. The cost of such bond, which is subject to change by the Williamson County government, is passed along to the customer, without markup by the Company, as a separate line item on each customer's monthly bill and is titled "Williamson County Bonding Charge." The monthly charge for bonding cost is calculated as follows:

$$MBC = \frac{UBC_{N-1} + (B_N \times I_N \div M)}{L}$$

Where

MBC	=	the monthly bonding charge;
UBC	=	the unrecovered bonding cost from the previous period;
N	=	the current period;
B	=	the amount of bond required by Williamson County;
I	=	the interest rate assessed to purchase the bond;
M	=	months per year or 12; and
L	=	number of lots in the subdivision.

King's Chapel Capacity
TRA #2
Wastewater Tariff

Sheet #7
Effective Date: October 1, 2005

Public Contact

John Powell, President
King's Chapel Capacity
1413 Plymouth Drive
Brentwood, TN 37027

Phone: 615-370-4432

Tennessee Regulatory Authority Regulations

King's Chapel Capacity County Capacity in its operation, shall conform to all applicable rules and regulations promulgated by the Tennessee Regulatory Authority. Phone 1-800- 342-8359.

SEWER SUBSCRIPTION CONTRACT

Printed Name

Address of Property

Mailing Address

Telephone Number

I hereby make application to King's Chapel Capacity for wastewater service at the address of property stated above. In consideration of the undertaking on the part of King's Chapel Capacity to furnish wastewater service, I understand, covenant and agree as follows

1. I understand that components of a wastewater system have been installed on the property referred to above, which is owned or occupied by me, and which is to be connected with a wastewater disposal system owned and/or maintained by King's Chapel Capacity. I warrant that any connection to and/or subsequent use to this system by the components on my property shall be in accordance with the Rules and Regulations and Plans of King's Chapel Capacity. Regarding my usage of the system components on my property, which are owned by me, I covenant to follow the guidelines set forth in the Biological Users Manual (List of Required Practices). Should I violate these Rules and/or abuse or damage my components, I understand that I must bear the expense to repair or replace the same in accordance with the Plans of King's Chapel Capacity.

2. I acknowledge King's Chapel Capacity, its successors and assigns have a perpetual easement in, over, under and upon the above specified land as shown on the property plat, with the right to operate and repair all components of the wastewater system on my property, including but not limited to the septic tank, the STEG (Septic Tank Effluent Gravity) or STEP (Septic Tank Effluent Pumping) system. I further grant King's Chapel Capacity permission to enter upon my property for any reason connected with the provision or removal of wastewater service or collection therefore.

3. For all other plumbing and structures on the property, including the out fall line to the septic tank, I agree that I am responsible for all operation and repair thereof

4. I hereby authorize King's Chapel Capacity to purchase and install a cutoff valve on my side of my water meter and grant King's Chapel Capacity exclusive right to use such valve in accordance with its Rules and Regulations. However, the use of this valve does not in any way relieve me of my obligation to pay for water service to the service provider

5. I understand and agree to pay a security deposit of \$60.00, to promptly pay for service at the then current schedule of rates and fees and agree to abide by and be subject to King's Chapel Capacity's billing and cutoff procedures. Should I not pay in accordance with King's Chapel Capacity's Rules, I agree to pay all costs of collection, including attorney fees

6. I accept the current Rules and Regulations and the Rates and Fees Schedule and agree to abide by any amendments to such Schedules.

7. I agree that this Agreement shall remain in effect for as long as I own, reside upon or rent the above- described property. When such circumstances no longer exist, I agree to provide notice to King's Chapel Capacity at least thirty (30) days in advance of my vacating the property.

Subscribers Signature

Date

King's Chapel Capacity

List of Required Practices

BIOLOGICAL SYSTEM USER MANUAL

The ability of your natural and biological systems performance is affected by the materials introduced into the system. The following is a summary of some of the items that are bad management and good management practices. A knowledgeable user can prevent premature failures and eliminate costly repairs.

Items that cause problems and failure of this system are:

- Garbage disposal use
- Excessive sludge or scum accumulation in septic tank
- Improper fabric softeners and whiteners
- Grease and oils from cooking and washing
- Hair
- Disposable and non-disposable diapers, rags, cigarette butts, coffee grounds, feminine hygiene products, plastic and rubber products, condoms, and chemical cleaners
- Any non-biologically degradable substances
- Water usage over design limits

A properly maintained septic tank provides a high degree of treatment and yields an effluent that is relatively free of grease and solids that can clog the effluent. The best practice is not to discharge anything into a septic system that is poisonous or that may inhibit the abilities of the biologically functioning septic tank. A good rule of thumb should be to not discharge anything into the system that can not be ingested. This would not include toilet paper and mild detergents.

The following management practices and recommendations should be followed:

GOOD MANAGEMENT PRACTICES

- Communicate with the operator or the operator's assistant (Operator) if anything about your system is out of the ordinary. Upon the first indication of a visual or audible alarm, call the Operator.
- Contact King's Chapel Capacity prior to the installation of any new landscaping or the construction of permanent structures. It will be critical to coordinate any work to ensure that the integrity of the biological system and lines are protected.
- Maintain toilet bowl hardware so as to prevent leaky conditions and excess water use and waste.
- Collect grease in a container rather than pouring down the drain.

POOR MANAGEMENT PRACTICES

- Don't connect rain gutters or storm drains or allow other surface water to get into your septic system.
- Don't use excessive quantities of water. Use water saving devices such as low flow shower heads and low volume flush toilets.
- Don't allow toilets to become a problem. Repair leaky toilets, faucets, or plumbing fixtures (leaky toilets can result in flows of 1,000 gallons or more per day).
- Don't dump recreational vehicle (RV) waste into your septic tank.
- Don't flush undesirable substances into the sewer. **Flushing flammable and toxic products is a dangerous practice.** Other materials such as paper towels, rags, newspapers, cigarettes, coffee grounds, egg shells, sanitary napkins, condoms, large amounts of hair, and cooking grease are a maintenance nuisance and will result in frequent pumping of septage from the tank.
- Don't use garbage disposal systems to dispose of non-biodegradable materials because they increase the amount of solids entering the septic tank and will increase the frequency required for septage pumping. **Do not pour grease down the drain.**
- **Don't drain water softener backwash into the tank.** The backwash brine contains high levels of chlorides that can destroy the balance of the biological system, affect soil performance, and break down components of the system. The brine solution also interferes with the solid's sedimentation that occurs in the tank.
- Don't use special additives in your tank. **Additives do not improve the performance of the septic tanks and can cause major damage to other areas in the collection and treatment system.**
- Don't flush cat litter box medium down the toilets.

King's Chapel Capacity

Wastewater Service Tariff

TRA #3 Residential Services

**King's Chapel Capacity
Wastewater Service Billing Summary**

System	Monthly Charge
Ashby Communities – Sheet 2	\$41.42

**King's Chapel Capacity
 Ashby Communities Billing Rates**

	Monthly Charge	Escrowed Amount
Collection System Operation and Maintenance (Tariff Items 1 – 4)	\$8.95	\$6.35
Treatment System Cost (Tariff Items 5 – 7)	6.23	2.90
Utility Cost (Tariff Items 11 and 13)	1.30	0.00
Disposal System Cost (Tariff Items 15 – 17)	1.53	0.88
Sampling and Testing Cost (Tariff Item 18)	7.00	0.00
Billing and Collection Cost (Tariff Item 20)	1.50	0.00
Miscellaneous Cost (Tariff Items 21 – 30 excluding Bonding)	8.60	0.00
Bonding Cost (Pass Through) **	6.31	0.00
Total	\$41.42	\$10.13

Incidental Rates:

Late Payment	5% of Bill.
Disconnection	\$10.00
Reconnection	\$15.00
Returned Check	\$20.00
Access	\$84.00

**** Bonding Cost incurred is passed through to the customer with no markup by the Company.**

Total Bonding Cost	
Amount of Bond	\$1,649,748
Interest Rate	1%
Number of Lots	218
Months per Year	12
Total	\$6.31